Supreme Court, U.S.
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(5)

No. 92-1750

In the Supreme Court of the United States

OCTOBER TERM, 1993

JOHN C. FOGERTY, *Petitioner,*

v.

FANTASY, INC., *Respondent.*

On Writ of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

BRIEF FOR THE RESPONDENT

MALCOLM BURNSTEIN
Burnstein & Trimbur
685 Market Street
Suite 690
San Francisco, CA 94105
(415) 243-0191

NORMAN G. RUDMAN
Slaff, Mosk & Rudman
9200 Sunset Boulevard
Suite 825
Los Angeles, CA 90069
(310) 275-5351

LAWRENCE S. ROBBINS
Counsel of Record
CARLOS T. ANGULO
Mayer, Brown & Platt
2000 Pennsylvania Ave., N.W.
Washington, DC 20006
(202) 778-0611

ALBERT M. BENDICH
Fantasy Records, Inc.
2600 10th Street
Berkeley, CA 94710
(510) 549-2500

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QUESTION PRESENTED

Whether, under Section 505 of the Copyright Act, 17 U.S.C. 505, a prevailing defendant in a copyright infringement action may recover attorney's fees without a showing that the plaintiff's infringement action was frivolous or otherwise objectively unreasonable.

TABLE OF CONTENTS

Page

QUESTION PRESENTED . . . . . (i)

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

JURISDICTION 1

STATUTE AND CONSTITUTIONAL PROVISION INVOLVED 2

STATEMENT 2

A. The Statutory Framework 2

B. The Present Controversy 3

SUMMARY OF ARGUMENT 7

ARGUMENT 9

A PREVAILING DEFENDANT IS ENTITLED TO ATTORNEY'S FEES UNDER SECTION 505 OF THE COPYRIGHT ACT ONLY IF HE SHOWS THAT THE PLAINTIFF'S LAWSUIT WAS FRIVOLOUS OR OTHERWISE OBJECTIVELY UNREASONABLE 9

A. The Language Of Section 505, Construed In Light Of This Court's Fee-Shifting Decisions, Supports The Ninth Circuit's Standard 13

B. The Policies And Objectives Of Section 505, And Of The Copyright Act In General, Are Best Served By The Construction Adopted By The Ninth Circuit 20

TABLE OF CONTENTS - Continued

Page

1. The Ninth Circuit's rule encourages effective copyright enforcement 20
2. The Ninth Circuit's rule properly distinguishes between inncocent parties and wrongdoers 29
3. The Ninth Circuit's rule promotes predictability and certainty in copyright ownership 31
4. The Ninth Circuit's rule provides sufficient incentives for defendants to mount a vigorous defense to copyright infringement claims 34

C. By Reenacting, Without Change, The Attorney's Fee Provision of the 1909 Act, Congress Ratified The Well-Settled Judicial Construction Of That Earlier Provision, Which Was Exactly The Same As The Standard Applied By The Ninth Circuit In This Case 36

1. Congress is presumed to know of, and to ratify, the prevailing judicial construction of a statute when it reenacts that statute without change 36
2. Under these principles, Congress unmistakably adopted a construction of the attorney's fee provision that was identical to the standard applied by the Ninth Circuit in this case 39

CONCLUSION 50

TABLE OF AUTHORITIES

Page

Cases

Advertisers Exchange v. *Anderson*, 144 F.2d 907 (8th Cir. 1944) 48

Albemarle Paper Co. v. *Moody*, 422 U.S. 405 (1975) 36, 38

Alyeska Pipeline Service Co. v. *Wilderness Society*, 421 U.S. 240 (1975) 12, 13, 17

Apex Hosiery Co. v. *Leader*, 310 U.S. 469 (1940) . . . 38

Barton Candy Corp. v. *Tell Chocolate Novelties Corp.*, 178 F. Supp. 577 (E.D.N.Y. 1959) 44

Blanchard v. *Bergeron*, 489 U.S. 87 (1989) 18, 38

Bobbs-Merrill Co. v. *Straus*, 210 U.S. 339 (1908) . . . 21

Breffort v. *I Had A Ball Company*, 271 F. Supp. 623 (S.D.N.Y. 1967) 42

Burnett v. *Lambino*, 206 F. Supp. 517 (S.D.N.Y. 1962) 43

Burns v. *Twentieth Century-Fox Film Corp.*, 75 F. Supp. 986 (D. Mass. 1948) 44

C.S. Hammond & Co. v. *International College Globe,Inc.*, 210 F. Supp. 206 (S.D.N.Y. 1962) . . 43

Cain v. *Universal Pictures Co.*, 47 F. Supp. 1013 (S.D. Cal. 1942) 44

Cannon v. *University of Chicago*, 441 U.S. 677 (1979) 36

Caruthers v. *R.K.O. Radio Pictures, Inc.*, 20 F. Supp. 906 (S.D.N.Y. 1937) 45, 48

TABLE OF AUTHORITIES - Continued

Page

Cheng Fan Kwok v. *Immigration & Naturalization Service*, 392 U.S. 206 (1968) 19

Christiansburg Garment Co. v. *EEOC*, 434 U.S. 412 (1978) . . . . . passim

City of Burlington v. *Dague*, 112 S. Ct. 2638 (1992) 15, 32

Cloth v. *Hyman*, 146 F. Supp. 185 (S.D.N.Y. 1956) 44, 48

Cohen v. *Virginia Electric & Power Co.*, 617 F. Supp. 619 (E.D. Va. 1985), appeal dismissed, 788 F.2d 247 (4th Cir. 1986) 33

Community For Creative Non-Violence v. *Reid*, 490 U.S. 730 (1989) . . . . . passim

Continental Casualty Co. v. *Beardsley*, 253 F.2d 702, 708 (2d Cir.), cert. denied, 358 U.S. 816 (1958) 40

Corcoran v. *Montgomery Ward & Co.*, 121 F.2d 572 (9th Cir.), cert. denied, 314 U.S. 687 (1941) . . . 41

Davis v. *E.I. DuPont de Nemours & Co.*, 257 F. Supp. 729 (S.D.N.Y. 1966) 42

Dennis v. *Higgins*, 498 U.S. 439 (1991) 16, 17

Diamond v. *Am-Law Publishing Co.*, 745 F.2d 142 (2d Cir. 1984) 10, 21

Edward B. Marks Music Corp. v. *Continental Record Co.*, 222 F.2d 488 (2d Cir.), cert. denied, 350 U.S. 861 (1955) 40

TABLE OF AUTHORITIES - Continued

Page

Eisenschiml v. *Fawcett Publications*, 246 F.2d 598 (7th Cir.), cert. denied 355 U.S. 907 (1957) 41, 48

F. W. Woolworth Co. v. *Contemporary Arts, Inc.*, 344 U.S. 228 (1952) 20, 26, 34

Fantasy, Inc. v. *Fogerty*, 654 F. Supp. 1129 (N.D. Cal. 1987) 3, 5

Fantasy, Inc. v. *Fogerty*, 664 F. Supp. 1345 (N.D. Cal. 1987) 3-5

Feist Publications v. *Rural Tel. Service Co.*, 111 S. Ct. 1282 (1991) 46

Fox Film Corp. v. *Doyal*, 286 U.S. 123 (1932) 23

Gardner v. *Nizer*, 396 F. Supp. 63 (S.D.N.Y. 1975) 43

Golden State Transit Corp. v. *Los Angeles*, 493 U.S. 103 (1989) 16

Goldstein v. *California*, 412 U.S. 546 (1973) 26

Greenbie v. *Noble*, 151 F. Supp. 45 (S.D.N.Y. 1957) 44

Haig v. *Agee*, 453 U.S. 280 (1981) 37, 38

Harper & Row, Publishers, Inc. v. *Nation Enterprises*, 471 U.S. 539 (1985) 32

Hensley v. *Eckerhart*, 461 U.S. 424 (1983) 15, 38

Herman & MacLean v. *Huddleston*, 459 U.S. 375 (1983) 37

TABLE OF AUTHORITIES - Continued

Page

Independent Federation of Flight Attendants v. *Zipes*, 491 U.S. 754 (1989) . . . . . passim

Isbrandtsen Co. v. *Johnson*, 343 U.S. 779 (1952) . . . 17

Jerome v. *Twentieth Century Fox*, 71 F. Supp. 914 (S.D.N.Y. 1947), aff'd 165 F.2d 784 (2d Cir. 1948) 45, 47

Johnson v. *Georgia Highway Express, Inc.*, 488 F.2d 714 (1974) 38

Keene Corp. v. *United States*, 113 S. Ct. 2035 (1993) 36

Kinelow Publishing Co. v. *Photography In Business, Inc.*, 270 F. Supp. 851 (S.D.N.Y. 1967) 43

Krafft v. *Cohen*, 38 F. Supp. 1022 (E.D. Pa. 1941) 45

Lewys v. *O'Neill*, 49 F.2d 603 (S.D.N.Y. 1931) 42, 45, 47

Lieb v. *Topstone Indus., Inc.*, 788 F.2d 151 (3d Cir. 1986) 10, 19, 33

Lindahl v. *OPM*, 470 U.S. 768 (1985) 38

Loews, Inc. v. *Columbia Broadcasting System*, 131 F. Supp. 165 (S.D. Cal. 1955), aff'd, 239 F.2d 537 (9th Cir. 1956), aff'd, 356 U.S. 43 (1958) 44

Lorillard v. *Pons*, 434 U.S. 575 (1978) 36, 45

Lowenfels v. *Nathan*, 2 F. Supp. 73 (S.D.N.Y. 1932) 45, 47

Mailer v. *RKO Teleradio Pictures*, 332 F.2d 747 (2d Cir. 1964) 40

TABLE OF AUTHORITIES - Continued

Page

Marks v. *Leo Feist, Inc.*, 8 F.2d 460 (2d Cir. 1925) 48

Mazer v. *Stein*, 347 U.S. 201 (1954) 22

McCulloch v. *Albert E. Price, Inc.*, 823 F.2d 316 (9th Cir. 1987) 10, 19, 24

Merrill, Lynch, Pierce, Fenner & Smith v. *Curran*, 456 U.S. 353 (1982) 37

Metro Associated Services v. *Webster City Graphic*, 117 F. Supp. 224 (N.D. Iowa 1953) 48

Mills Music, Inc. v. *Snyder*, 469 U.S. 153 (1985) . . . 46

Morse v. *Fields*, 127 F. Supp. 63 (S.D.N.Y. 1954) . . 44

NLRB v. *Gullett Gin Co.*, 340 U.S. 361 (1951) 36

Northcross v. *Board of Educ. of the Memphis City Schools*, 412 U.S. 427 (1973) 15

Official Aviation Guide Co. v. *American Aviation Assocs.*, 162 F.2d 541 (7th Cir. 1947) 41, 47

Overman v. *Loesser*, 205 F.2d 521 (9th Cir.), cert. denied, 346 U.S. 910 (1953) 41, 47

Pierce v. *Underwood*, 487 U.S. 552 (1988) 36

Reader's Digest Ass'n, Inc. v. *Conservative Digest, Inc.*, 821 F.2d 800 (D.C.Cir. 1987) 10

Roadway Express, Inc. v. *Piper*, 447 U.S. 752 (1980) 18

Rosciszewski v. *Arete Assoc.*, No. 92-2122, 2390, 1993 U.S. App. LEXIS 19511 (4th Cir. July 29, 1993) 10, 33

TABLE OF AUTHORITIES - Continued

Page

Rose v. *Bourne, Inc.*, 176 F. Supp. 605 (S.D.N.Y. 1959), aff'd, 279 F.2d 79 (2d Cir.), cert. denied, 364 U.S. 880 (1960) 44

Rose v. *Connelly*, 38 F. Supp. 54 (S.D.N.Y. 1941) . . 45

Roulo v. *Russ Berrie & Co.*, 886 F.2d 931 (7th Cir. 1989), cert. denied, 493 U.S. 1075 (1990) 19

Ruckelshaus v. *Sierra Club*, 463 U.S. 680 (1983) . . . 15

Schroeder v. *William Morrow & Co.*, 421 F. Supp. 372 (N.D. Ill. 1976), rev'd on other grounds, 566 F.2d 3 (7th Cir. 1977) 43

Shapiro, Bernstein & Co. v. *4636 S. Vermont Ave., Inc.*, 367 F.2d 236 (9th Cir. 1966) 41

Sherry Mfg. Co. v. *Towel King of Florida, Inc.*, 822 F.2d 1031 (11th Cir. 1987) 10

Sony Corp. of Am. v. *Universal City Studios, Inc.*, 464 U.S. 417 (1984) 23, 28

Stein v. *Expert Lamp Co.*, 107 F. Supp. 60 (N.D. Ill. 1952) 44

Twentieth Century Music Corp. v. *Aiken*, 422 U.S. 151 (1975) 22

United States v. *Ryan*, 284 U.S. 167 (1931) 37

United States v. *Sheffield Bd. of Comm'rs*, 435 U.S. 110 (1978) 38

Video Views, Inc. v. *Studio 21, Ltd.*, 925 F.2d 1010 (7th Cir.), cert. denied, 112 S. Ct. 181 (1991) . . . 10, 21

Washingtonian Publishing Co. v. *Pearson*, 306 U.S. 30 (1939) 32

TABLE OF AUTHORITIES - Continued

Page

West Virginia Univ. Hospitals, Inc. v. *Casey*, 111 S. Ct. 1138 (1991) 15, 16

Wilder v. *Virginia Hosp. Ass'n*, 496 U.S. 498 (1990) . 16

Wright v. *Roanoke Redevelopment and Housing Authority*, 479 U.S. 418 (1987) 16

Statutes & Constitutional Provisions

U.S. Const. art. I, § 8, cl. 8 22

12 U.S.C. 1464(q)(3) 19

15 U.S.C. 298(b)-(d) 19

15 U.S.C. 1400(b) 19

17 U.S.C. 106 2

17 U.S.C. 201(a) 2

17 U.S.C. 201(d) 2

17 U.S.C. 204(a) 2

17 U.S.C. 301 21

17 U.S.C. 501(a) 2

17 U.S.C. 501(b) 3

17 U.S.C. 502 . . . . . 3, 22, 34

17 U.S.C. 503 . . . . . 3, 22, 34

17 U.S.C. 504 . . . . . 22, 34

17 U.S.C. 504(b) 3

17 U.S.C. 504(c) 3, 34

TABLE OF AUTHORITIES - Continued

Page

17 U.S.C. 505 . . . . . passim

18 U.S.C. 2520 19

28 U.S.C. 1254 1

29 U.S.C. 216(b) 19

42 U.S.C. 1983 16

42 U.S.C. 1988 . . . . . 16, 18, 38

42 U.S.C. 2000e-5(k) 13

46 U.S.C. 1227 19

47 U.S.C. 206 19

47 U.S.C. 407 19

49 U.S.C. 11705(d)(3) 19

49 U.S.C. 11710(b) 19

Copyright Act of 1909, 17 U.S.C. 116 39

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House & Senate Reports

H.R. Rep. No. 1476, 94th Cong., 2d Sess. (1976) . . . 27

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TABLE OF AUTHORITIES - Continued

Page

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JOHN C. FOGERTY, *Petitioner,*

v.

FANTASY, INC., *Respondent.*

On Writ of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

BRIEF FOR THE RESPONDENT

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A-1 to A-22) is reported at 984 F.2d 1524. The district court's order denying the award of attorney's fees (Pet. App. A-23 to A-33) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on February 2, 1993. The petition for a writ of certiorari was filed on April 30, 1993, and was granted on June 21, 1993. The jurisdiction of this Court rests on 28 U.S.C. 1254.

STATUTE AND CONSTITUTIONAL PROVISION INVOLVED

Section 505 of the Copyright Act, 17 U.S.C. 505, provides:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

Article I, Section 8, clause 8 of the United States Constitution provides that Congress shall have the power

> To Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

STATEMENT

A. The Statutory Framework

Under the Copyright Act of 1976, 17 U.S.C. 101, *et seq.*, the copyright in a work "vests initially in the author or authors of the work" (17 U.S.C. 201(a)), but may thereafter "be transferred in whole or in part" by "an instrument of conveyance, or a note or memorandum of the transfer" that "is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent" (17 U.S.C. 201(d), 204(a)). Upon the transfer, the new copyright owner enjoys all of "the rights specified by section 106" (17 U.S.C. 201(d)(2)), including the exclusive right "to reproduce the copyrighted work in copies or phonorecords" (17 U.S.C. 106(1)). "Anyone who violates any of the exclusive rights of the copyright owner * * * is an infringer of the copyright." 17 U.S.C. 501(a). In that event, "[t]he legal * * * owner of an exclusive right under a copyright is entitled * * * to

institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. 501(b).

If successful in proving infringement, the copyright owner may be granted injunctive relief (17 U.S.C. 502), impoundment or destruction of the infringing articles (17 U.S.C. 503), actual damages and profits (17 U.S.C. 504(b)), or statutory damages (17 U.S.C. 504(c)). Moreover, pursuant to Section 505 (17 U.S.C. 505), the court may also award costs and attorney's fees to the prevailing party. Section 505 states:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

B. The Present Controversy

1. Petitioner John Fogerty is a popular music performer and songwriter who, as a member of the band Creedence Clearwater Revival, recorded several highly successful record albums in the late 1960's and early 1970's. In 1968 and 1969, petitioner entered into music publishing agreements with Cireco Music and Galaxy Records, pursuant to which petitioner transferred the copyright in the compositions written thereunder in exchange for royalties, which, as of 1985, had totalled approximately $2.25 million. *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. 1345, 1354 (N.D. Cal. 1987). By assignment, respondent became the owner of those copyrights, including the copyright in a song entitled "Run Through the Jungle" ("Jungle") that petitioner had composed in 1970. Pet. App. A-5; *Fantasy, Inc.* v. *Fogerty*, 654 F. Supp. 1129, 1130 (N.D. Cal. 1987).

Petitioner ceased recording for respondent's predecessors in 1972 and contracted with Elektra/Asylum, a division of Warner Communications Co., in 1974. In 1984, petitioner signed a contract with Warner Brothers Record Co. -- also a division of Warner Communications. That same year, petitioner wrote and recorded a song entitled "Old Man Down the Road" ("Old Man"), which Warner Brothers released and distributed throughout the world on a record album entitled "Centerfield." Pet. App. A-5; *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. at 1347.

Note for note, "Old Man" and "Jungle" were virtually identical. Indeed, "even one of [petitioner's] expert witnesses, Harold Barlow, had to concede that the two songs had many notes in common. According to Barlow's count, 'Jungle,' 52 notes, and 'Old Man,' 66 notes, had 36 notes in common."[1] Music critics who reviewed "Old Man" noted the resemblance as well, describing the song as "musically a retread," "a musical reworking," and "reminiscent" of "Jungle." RT 859:23-864:23; SER 175 ¶ 7 & Exh. X; SER 429 ¶ 15 & Exh. 3; SER 427 ¶ 2 & Exh 1.[2] Other former members of Creedence Clearwater Revival were less charitable: "If he was going to copy an old Creedence tune," Stuart Cook stated, "he should have picked 'Proud Mary' instead of 'Run Through The Jungle.'" J.A. 3.

Before filing suit, however, respondent secured the advice of Dr. Paul Tanner, a prominent musicologist who

[1] Sidle, *Fantasy Records v. John Fogerty*, Los Angeles Lawyer (April 1990), at 45.

[2] "RT" refers to the Reporter's Transcript of the trial; "SER" refers to the Supplemental Excerpts of Record filed in the court of appeals.

later testified for respondent at trial.[3] After comparing the two compositions, Dr. Tanner stated that "the similarities between the two are so strong as to make them virtually identical musically." J.A. 9. In particular, he noted, "[t]he tempos are virtually the same"; "[t]he harmonic pattern in which the melody is performed is identical"; "[b]oth follow the identical structure of an eight-bar verse and a short chorus"; and "[b]oth follow virtually the identical melody line." *Ibid.* In short, Dr. Tanner concluded, the two pieces were "substantially similar" and "such differences as may exist between the two melodies are insubstantial and indeed insignificant." J.A. 11-12.[4]

2. Respondent filed this action for copyright infringement in July 1985. Prior to trial, the district court upheld respondent's copyright in "Jungle" and ruled that petitioner, although the author of the song, could nevertheless be held liable for copyright infringement. Pet. App. A-24; *Fantasy, Inc.* v. *Fogerty*, 654 F. Supp. at 1132. The trial court also found "that reasonable minds could differ as to the absence or existence of substantial similarity between Jungle and Old Man." *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. at 1350. Following a trial -- during which petitioner, a seasoned performer, was allowed, over objection, to play his

[3] In addition to serving as Professor of Music at UCLA for 23 years, and authoring one of the most widely used college texts on jazz, Dr. Tanner had previously performed for more than four years with the Glenn Miller band, as well as with classical orchestras under the direction of such conductors as Leonard Bernstein, Zubin Mehta, Eugene Ormandy, Andre Previn, and Arturo Toscanini. J.A. 6.

[4] Three other musicologists consulted by respondent agreed that "Jungle" and "Old Man" were substantially similar. J.A. 52.

guitar and sing for the jury no fewer than 65 times[5] -- the jury returned a verdict in petitioner's favor on the infringement claim. Pet. App. A-6.

Petitioner thereafter moved for more than $1,000,000 in attorney's fees and costs pursuant to Section 505 of the Copyright Act. The district court granted an award of costs, but denied petitioner's request for fees. Pet. App. A-30 to A-32. The court explained that under well-settled precedent in the Ninth Circuit, "[w]here a prevailing defendant is the moving party, a finding of bad faith or frivolity on the plaintiff's part is a predicate to an award of attorneys' fees." *Id.* at A-30. Applying that standard, the trial court found that "[respondent's] infringement suit was not brought frivolously nor in bad faith." *Id.* at A-31. "Although the facts of this case did not present the textbook scenario of copyright infringement," the court emphasized that it had itself concluded that petitioner "could indeed be held liable for copyright infringement even where he also wrote the song allegedly infringed." *Ibid.* Moreover, the court stated, respondent's lawsuit was not frivolous "merely because it presented a case of first impression." *Ibid.*

3. The court of appeals affirmed. Pet. App. A-1 to A-22. The court noted that, under its precedent, "a prevailing defendant may not be awarded attorneys' fees under § 505 unless it can be demonstrated that the action was frivolous or was instituted or prosecuted in bad faith." *Id.* at A-19. "The purpose of that rule," the court explained, "is to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full effect to the broad protection for copyrights intended by the Copyright Act." *Id.* at A-19 to A-20. Reviewing the evidence, the court of appeals concluded that "[t]he district court did not clearly err

[5] RT 656, 666, 676-682, 684, 691, 693-694, 696, 699-703, 709, 715, 725-727, 732, 750-752, 754-758, 760-761, 763-764.

in finding that the copyright action was not brought in bad faith, nor did it abuse its discretion in following Ninth Circuit precedent and denying [petitioner's] motion for attorneys' fees." *Id.* at A-22.

SUMMARY OF ARGUMENT

A. The language of Section 505, construed in light of this Court's fee-shifting decisions, supports the Ninth Circuit's standard. Although this Court has not had occasion to consider Section 505 in particular, it *has* considered several fee-shifting provisions with identical language. In *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), this Court, construing the identically worded fee-shifting provision in Title VII of the Civil Rights Act of 1964, held that "a district court may in its discretion award attorney's fees to a prevailing defendant" only "upon a finding that the plaintiff's action was frivolous, unreasonable, or without foundation." 434 U.S. at 421. In view of this Court's frequent reminder that "fee-shifting statutes' similar language is 'a strong indication' that they are to be interpreted alike" (*Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754, 758 n.2 (1989)), prevailing defendants under Section 505 should be subject to the same standard articulated in *Christiansburg Garment*.

B. In construing fee-shifting provisions, this Court has examined not only the statutory language, but also "'the large objectives'" and "'equitable considerations'" that underlie the statute as a whole. *Zipes*, 491 U.S. at 758-759. In this case, the "objectives" and "equitable considerations" underlying the Copyright Act strongly support the Ninth Circuit's construction of Section 505. First, the Ninth Circuit's rule promotes the vigorous enforcement of the Copyright Act -- a policy deeply embedded in both the congressional design and the purposes of the Copyright Clause itself. Second, the Ninth Circuit's rule properly refuses to shift fees where the plaintiff, although unsuccessful, was not in any sense a

"wrongdoer." The rule thus "distinguishe[s]" -- as petitioner's "British Rule" plainly does not -- "between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 763). Third, the Ninth Circuit's rule enhances the "predictability and certainty of copyright ownership" (*Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730 (1989)), by providing a reasonably certain benchmark for the award of counsel fees in enforcement actions. Finally, even as it provides incentives for the vigorous enforcement of the underlying statutory right, the Ninth Circuit's rule also affords copyright defendants sufficient incentives to litigate their defenses. In short, the Ninth Circuit's rule best accommodates all of "the competing equities that Congress normally takes into account" (*Zipes*, 491 U.S. at 761).

C. The legislative history of Section 505 confirms that Congress intended prevailing defendants to recover attorney's fees only if the plaintiff's lawsuit was frivolous or otherwise unreasonable. By reenacting without change the fee-shifting provision of the 1909 Copyright Act in the 1976 revision of the Act, Congress adopted the longstanding judicial construction of that earlier provision. And under that earlier provision, the courts had uniformly held that prevailing defendants should be awarded attorney's fees if, but only if, the plaintiff's claim was frivolous. That well-settled judicial construction, moreover, was expressly called to Congress' attention by the Register of Copyrights, who explicitly endorsed that standard during the revision process.

ARGUMENT

A PREVAILING DEFENDANT IS ENTITLED TO ATTORNEY'S FEES UNDER SECTION 505 OF THE COPYRIGHT ACT ONLY IF HE SHOWS THAT THE PLAINTIFF'S LAWSUIT WAS FRIVOLOUS OR OTHERWISE OBJECTIVELY UNREASONABLE

Section 505 of the Copyright Act, 17 U.S.C. 505, provides in pertinent part that in any copyright infringement action "the court in its discretion may * * * award a reasonable attorney's fee to the prevailing party as part of the costs." By its terms, of course, Section 505 reserves attorney's fees only to "prevailing parties." But as this Court recently explained, "[t]o say that *only* the prevailing party gets fees is not to say that the prevailing party's interests are always first and foremost in determining *whether* he gets them." *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754, 760 (1989) (emphasis in original). To the contrary, this Court "decided long ago that in some circumstances the interests of the losing party *trump* those of the prevailing party * * * so that the latter cannot obtain fees." *Ibid.* (emphasis in original). That inquiry -- whether "the interests of the losing party *trump* those of the prevailing party" -- must, in turn, be guided by "'the large objectives'" and "'equitable considerations'" of the underlying statute as a whole, and of fee-shifting provisions in general. *Id.* at 759.

Looking to such "large objectives" and "equitable considerations," the courts of appeals have *uniformly* held that the reasonableness of a copyright plaintiff's claim is a critical factor in deciding whether a prevailing defendant should receive attorney's fees under Section 505. Indeed, the majority of the circuits (including the court below, as well as the District of Columbia, Second, and Seventh Circuits) regard that factor as *dispositive* -- holding that a prevailing defendant may recover fees *only* if the plaintiff's claim is

objectively unreasonable.[6] These circuits -- which routinely adjudicate by far the greatest number of copyright cases[7] -- have recognized that "[f]ees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims." *Diamond*, 745 F.2d at 148. And even the other three circuits that have addressed the question recognize that the objective unreasonableness of the plaintiff's lawsuit is a crucial, if not necessarily dispositive, factor in deciding whether to shift attorney's fees. See 3 *Nimmer on Copyright* (Melville B. Nimmer and David Nimmer eds. 1992), 14.10[D], at 14-119 to 14-129.[8]

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[6] See, *e.g.*, *McCulloch* v. *Albert E. Price, Inc.*, 823 F.2d 316, 322-323 (9th Cir. 1987); *Video Views, Inc.* v. *Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), cert. denied, 112 S. Ct. 181 (1991); *Reader's Digest Ass'n, Inc.* v. *Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1987); *Diamond* v. *Am-Law Publishing Co.*, 745 F.2d 142, 148 (2d Cir. 1984).

[7] For example, a LEXIS search reveals that over the past 25 years, these four circuits have decided approximately 75% of the cases involving fee eligibility under Section 505 and its identically-worded precursor, Section 116 of the 1909 Copyright Act.

[8] See, *e.g.*, *Rosciszewski* v. *Arete Assoc.*, No. 92-2122, 2390, 1993 U.S. App. LEXIS 19511, at *26 (4th Cir. July 29, 1993) (in awarding counsel fees, courts should consider various aspects of plaintiff's claim, including "frivolous[ness]," "motivation," and "objective unreasonableness); *Sherry Mfg. Co.* v. *Towel King of Florida, Inc.*, 822 F.2d 1031, 1034 (11th Cir. 1987) ("a finding by the district court that [a losing plaintiff] brought a colorable copyright claim in good faith would amply justify a denial of fees," because such claims are "of the type which 'section 505 is intended in part to encourage'"); *Lieb* v. *Topstone Indus., Inc.*, 788 F.2d 151, 156 (3d Cir. 1986) (in awarding counsel fees, courts should consider various aspects of plaintiff's claim, including "frivolousness," "motivation," and "objective unreasonableness").

Venturing into this debate -- in which the courts of appeals have differed mainly in emphasis, and not in outcome -- petitioner now proffers a wholly unprecedented alternative. In his view, "by enacting Section 505 without any specific or further discussion of its intention, Congress was making a deliberate choice in the area of copyrights to opt for the 'British Rule' in lieu of the 'American Rule.'" Br. 41. Accordingly, petitioner reasons, "the general rule should be to award fees to the prevailing party, whether it be the plaintiff or defendant, absent exceptional circumstances." *Ibid.*

The majority rule is correct. The statutory language (as construed by this Court in related contexts), the purposes and policies of the Copyright Act, and the legislative history of Section 505 confirm that prevailing defendants should be awarded attorney's fees under Section 505 only if the plaintiff's lawsuit was objectively unreasonable.[9] Conversely, petitioner's suggestion that Section 505 embraces the "British Rule" on fee-shifting is plainly mistaken. It lacks any support in the text, history, or purpose of the statute. And not surprisingly, petitioner's construction of Section 505 has never (to our knowledge) been adopted by *any* court that has considered the issue.

We note one further preliminary point: petitioner argues at length that the rule for prevailing defendants under Section 505 should be the same as the rule for prevailing plaintiffs -- or, as he puts it, that an "evenhanded standard" under Section

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[9] Throughout the brief, we use the term "prevailing defendant" to refer to litigants that have successfully opposed a claim of infringement, whether through a successful defense of a copyright claim or counterclaim, or through a declaratory judgment action brought to establish the absence of infringement. Thus, petitioner's quibble at pages 26-27 of his brief -- that the Ninth Circuit's standard is "easily circumvented" by simply realigning the parties -- is unavailing.

505 is preferable to "a dual standard" (Br. 12). That question is simply not presented in this case. This case involves only a prevailing *defendant*, not a prevailing *plaintiff*, and there is accordingly no occasion for deciding whether the standard for prevailing plaintiffs should be the same ("evenhanded") or different ("dual") from the standard for prevailing defendants. Only the standard for prevailing defendants is presented in this case, and the Ninth Circuit's articulation of that standard (followed by the majority of circuits that have decided the issue) is plainly correct.[10]

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[10] The court below, like many of the other courts adopting the majority rule, stated that prevailing defendants are entitled to attorney's fees not only when the plaintiff has brought a frivolous claim, but also when he proceeded in "bad faith." Pet. App. A-19. We agree that prevailing defendants should be entitled to counsel fees when their adversary has litigated in bad faith. We do not believe, however, that Section 505 should be construed to incorporate a bad faith criterion. As this Court explained in *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. 240 (1975), and reiterated in *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), "it has long been established that even under the American common-law rule attorney's fees may be awarded against a party who has proceeded in bad faith." *Id.* at 419. Section 505 should be read to complement, rather than to restate, the common law rule identified in *Alyeska Pipeline* and *Christiansburg*.

Relying on this "bad faith" criterion, petitioner suggests that respondent initiated and litigated this case because of certain "antagonism" toward petitioner (Br. 5 n.7). The trial court expressly rejected that contention, and the court of appeals affirmed. Pet. App. A-22, A-31. Petitioner offers no reason to disturb those fact-bound conclusions.

A. The Language Of Section 505, Construed In Light Of This Court's Fee-Shifting Decisions, Supports The Ninth Circuit's Standard

1. Section 505 provides in pertinent part that in all copyright infringement actions the trial court "may * * * award a reasonable attorney's fee to the prevailing party as part of the costs." Like many other fee-shifting provisions (see *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. at 261 n.35), Section 505 authorizes the award of attorney's fees to "prevailing parties" but is otherwise silent as to whether, and how, the trial courts should exercise the discretion to award such fees. In *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), however, this Court, construing a fee-shifting provision with language identical to Section 505, adopted exactly the rule applied by the Ninth Circuit in this case.

Like Section 505, Section 706(k) of Title VII of the Civil Rights Act of 1964 provides in pertinent part that "[i]n any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party * * * a reasonable attorney's fee * * *." 42 U.S.C. 2000e-5(k). The question in *Christiansburg Garment* was how a court should exercise its discretion when (as in the present case) the defendant is the prevailing party. The Court explained that although prevailing *plaintiffs* "'should ordinarily recover an attorney's fee unless special circumstances would render such an award unjust,'" there were "two strong equitable considerations" that counseled a narrower standard for prevailing defendants. 434 U.S. at 416-17, 418.

First, the Court stated, the fee-shifting provision must be construed so as not to chill enforcement of the underlying statutory rights. "[T]he plaintiff is the chosen instrument of Congress to vindicate a 'policy that Congress considered of the highest priority.'" 434 U.S. at 418. To "assess[] attorney's fees against plaintiffs simply because they do not

finally prevail," the Court observed, "would substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement of the provisions of Title VII." *Id.* at 422.

Second, the Court explained, the fee-shifting provision must be construed so that counsel fees are ordinarily borne by the party that has violated the underlying statutory rights. "[W]hen a district court awards counsel fees to a prevailing plaintiff," the Court stated, "it is awarding them against a violator of federal law." 434 U.S. at 418. Conversely, when the defendant prevails, the losing plaintiff has typically done nothing wrong (unless his claim was objectively unreasonable).

Finally, the Court emphasized that the fee-shifting provision must be construed to permit "the adversary judicial process" to function (434 U.S. at 419). "A fair adversary process," the Court noted, "presupposes both a vigorous prosecution and a vigorous defense" -- goals that are fully served by construing the fee-shifting provision to permit a prevailing defendant to "recover[] his expenses in resisting * * * a groundless action" (*ibid.*).

Weighing those three fundamental objectives -- encouraging enforcement of the underlying statutory rights; penalizing actual wrongdoing; and providing incentives for a vigorous defense -- the Court adopted (in the Title VII context) precisely the same rule as the Ninth Circuit applied in this case under Section 505. The Court held that "a district court may in its discretion award attorney's fees to a prevailing defendant" only "upon a finding that the plaintiff's action was frivolous, unreasonable, or without foundation." 434 U.S. at 421.

2. Section 505 is worded identically to Section 706(k), and as the Court recently explained in *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754 (1989), "fee-shifting statutes' similar language is 'a strong indication' that

they are to be interpreted alike." *Id.* at 758 n.2. "[S]imilar attorney's fee provisions," this Court has consistently observed, "should be interpreted *pari passu*." *Ruckelshaus* v. *Sierra Club*, 463 U.S. 680, 691-692 (1983).[11] It follows that this Court's construction of Section 706(k) in *Christiansburg Garment* applies equally to Section 505.[12]

This Court's decision in *Hensley* v. *Eckerhart*, 461 U.S. 424 (1983), confirms that conclusion. In *Hensley*, the Court, speaking broadly, stated that "[t]he standards set forth in this opinion are generally applicable in *all* cases in which Congress has authorized an award of fees to a 'prevailing party.'" *Id.* at 433 n.7 (emphasis added). Among the "standards" identified in the Court's opinion was the rule in *Christiansburg Garment*: "A prevailing defendant may recover an attorney's fee only where the suit was vexatious, frivolous, or brought to harass or embarrass the defendant." *Id.* at 429 n.2. See also *id.* at 435 n.10 ("[i]f the [plaintiff's] unsuccessful claim is frivolous, the defendant may recover attorney's fees incurred in responding to it"). It follows that Section 505 -- in which Congress has likewise "authorized an

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[11] Accord, *City of Burlington* v. *Dague*, 112 S. Ct. 2638, 2641 (1992) (language of Section 7002(e) of the Solid Waste Disposal Act "is similar to that of many other federal fee-shifting statutes" and "our case law construing what is a 'reasonable' fee applies uniformly to all of them"); *Northcross* v. *Board of Educ. of the Memphis City Schools*, 412 U.S. 427, 428 (1973) (per curiam) (similar language in two attorney's fees provisions provides a "strong indication that the two statutes should be interpreted *pari passu*").

[12] See also *West Virginia Univ. Hospitals, Inc.* v. *Casey*, 111 S. Ct. 1138, 1148 (1991) ("[w]here a statutory term * * * is ambiguous, we construe it to contain that permissible meaning which fits most logically and comfortably into the body of both previously and subsequently enacted law * * *").

award of fees to a 'prevailing party'" -- should embrace the identical standard for awards to prevailing defendants.[13]

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[13] Petitioner contends that "[a]nalogies to the interpretation of similar language" in the civil rights statutes "are improper and must be rejected" (Br. 32). In his view, whereas copyright defendants "provide a benefit to the general public" by litigating their position, "[t]here are no similar balancing considerations in the civil rights area" (Br. 22, 32). Moreover, he asserts, unlike the Copyright Act, the civil rights acts were "designed to redress violations of civil rights and to provide access to the courts to those who have been discriminated against" (Br. 34).

These purported distinctions are mistaken. First, as the Court recognized in *Christiansburg Garment*, even in civil rights cases "there are equitable considerations on both sides" (434 U.S. at 422-423 n.20), and defendants, like plaintiffs, will often "provide a benefit to the general public" by litigating their position. Second, awards of attorney's fees under the civil rights acts are not limited to plaintiffs "who have been discriminated against." Under 42 U.S.C. 1988, prevailing plaintiffs may recover attorney's fees in cases brought under 42 U.S.C. 1983 (see *West Virginia University Hospitals, Inc.*, 111 S. Ct. at 1140 & n.1); and Section 1983 entitles plaintiffs to sue on a wide array of federal constitutional or statutory claims that have little or nothing to do with "discrimination" as such. See, *e.g.*, *Dennis* v. *Higgins*, 498 U.S. 439 (1991) (motor carriers may sue under Section 1983 to challenge state taxes that allegedly violate the Commerce Clause); *Wilder* v. *Virginia Hosp. Ass'n*, 496 U.S. 498 (1990) (health care providers may sue under Section 1983 to challenge the method by which States provide reimbursement under the Medicaid Act); *Golden State Transit Corp.* v. *Los Angeles*, 493 U.S. 103 (1989) (taxicab franchise may sue under Section 1983 to challenge city's interference in a labor dispute in violation of the National Labor Relations Act); *Wright* v. *Roanoke Redevelopment and Housing Authority*, 479 U.S. 418 (1987) (public housing tenants may sue under Section 1983 to challenge the failure to include a "reasonable" allowance for utilities in rents charged under the Housing Act of 1937). This Court has consistently "refused to

3. By contrast, the language of Section 505 provides no support for petitioner's construction of the statute. In petitioner's view, Section 505 incorporates "the British Rule," under which, he asserts, courts should "award fees to the prevailing party, whether it be the plaintiff or defendant, absent exceptional circumstances" (Br. 41).

In addition to being wholly unprecedented, petitioner's construction of Section 505 is also quite radical -- reflecting as it does the boldest possible departure from the American Rule backdrop against which Congress legislated. As the Court explained in *Alyeska Pipeline*, under the so-called American Rule, "the prevailing party may not recover attorneys' fees as costs or otherwise." 421 U.S. at 245. True, Congress does "make specific and explicit provisions for the allowance of attorneys' fees under selected statutes granting or protecting various federal rights." *Id.* at 260. And Section 505 plainly *is* such a provision, requiring at least *some* departure from the common law tradition. But before drawing the *opposite* inference -- that Congress intended fee shifting in *all* but "exceptional" circumstances -- one would expect a clear indication in the statutory language that such a dramatic change was intended. See *Isbrandtsen Co.* v. *Johnson*, 343 U.S. 779, 783 (1952) ("[s]tatutes which invade the common law * * * are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident").

In fact, however, petitioner's proposed standard finds no support in the language of Section 505. Indeed, petitioner does not point to any language at all, only the *absence* of

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limit * * * § 1983 to civil rights or equal protection" claims. *Dennis* v. *Higgins*, 498 U.S. at 445.

language.[14] As he puts it, "[t]he language of Section 505 used by Congress is not restrictive, indicating that there was no intent by Congress to restrict awards of attorney's fees in copyright cases" (Br. 37). But the text of Section 505 "does not even invite, let alone require, such a mechanical construction." *Christiansburg Garment*, 434 U.S. at 418. Indeed, Congress' use of discretionary language in Section 505 suggests, if anything, that courts must use *judgment*, based on the facts of the case, before shifting counsel fees. The Ninth Circuit's rule satisfies that requirement. Petitioner's "British Rule" plainly does not.[15]

What is more, when Congress *intends* to enact mandatory fee-shifting statutes -- including statutes embracing the

[14] Petitioner also relies on this Court's decision in *Blanchard* v. *Bergeron*, 489 U.S. 87 (1989), for the proposition that a "prevailing party 'should ordinarily recover an attorney's fee unless special circumstances would render such an award unjust'" (Br. 41). Petitioner neglects to mention, however, that, in construing 42 U.S.C. 1988, *Blanchard* was speaking of prevailing *plaintiffs* only. Prevailing defendants, by contrast, do not recover attorney's fees under Section 1988 unless "the plaintiff's underlying claim is 'frivolous, unreasonable, or groundless.'" *Roadway Express, Inc.* v. *Piper*, 447 U.S. 752, 762 (1980).

[15] Even Professor Jaszi, whose article petitioner cites repeatedly with approval (Br. 13, 14, 15, 22, 23), rejects the "British Rule" construction of Section 505 on the grounds that such an approach would "depriv[e] courts of their discretion to take fully [into account] interests implicated in particular cases." Jaszi, *505 And All That -- The Defendant's Dilemma*, 55 Law and Contemp. Prob. 107, 121 n.47 (1992). Amicus curiae supporting petitioner likewise rejects petitioner's "British Rule" construction, in light of the fact that Section 505 leaves fee awards "to the court's discretion." *Brief Amicus Curiae of Hewlett-Packard in Support of Petitioner* at 7 n.4.

"British Rule" -- it plainly knows how to do so.[16] Indeed, Congress did just that when, in the 1909 Act, it made the award of costs to a prevailing party *mandatory*, while leaving the award of counsel fees discretionary. *Lieb*, 788 F.2d at 155-156. In short, if Congress intended to incorporate the English fee-shifting rule in the Copyright Act, it "selected language remarkably inapposite for its purpose" (*Cheng Fan Kwok* v. *Immigration & Naturalization Service*, 392 U.S. 206, 213 (1968)).

Finally, petitioner's "British Rule" for prevailing defendants rests on the mistaken premise that prevailing *plaintiffs* likewise receive attorney's fees in all but "exceptional circumstances." That is simply not the case: even in the circuits that apply the most generous standard for prevailing plaintiffs under Section 505, fee awards are not automatic, but may instead be denied on such grounds as the absence of willful conduct by the defendant (*Roulo* v. *Russ Berrie & Co.*, 886 F.2d 931, 942-943 (7th Cir. 1989), cert. denied, 493 U.S. 1075 (1990)), the magnitude of the award of profits to the plaintiff (*ibid.*), the novelty or complexity of the legal issues (*McCulloch*, 823 F.2d at 323), or plaintiff's bad faith conduct (*ibid.*).

[16] In a wide array of statutes, Congress has explicitly adopted mandatory fee-shifting provisions, in favor of either one party to the lawsuit, see, *e.g.*, the Home Owners Loan Act of 1933, 12 U.S.C. 1464(q)(3); the Omnibus Crime Control and Safe Streets Act of 1968, 18 U.S.C. 2520; the Merchant Marine Act of 1936, 46 U.S.C. 1227; the Communications Act of 1934, 47 U.S.C. 206, 407; the Interstate Commerce Act, 49 U.S.C. 11705(d)(3), 11710(b); the National Traffic and Motor Vehicle Safety Act of 1966, 15 U.S.C. 1400(b); the Fair Labor Standards Act of 1938, 29 U.S.C. 216(b), or in favor of *either* prevailing party, see the Jewelers Liability Act, 15 U.S.C. 298(b)-(d).

B. The Policies And Objectives Of Section 505, And Of The Copyright Act In General, Are Best Served By The Construction Adopted By The Ninth Circuit

The Ninth Circuit's construction of Section 505 best accommodates "'the large objectives'" and "'equitable considerations'" (*Zipes*, 491 U.S. at 758-759) that underlie the Copyright Act in general, and its fee-shifting provision in particular. As construed by the Ninth Circuit, Section 505 (1) promotes the vigorous enforcement of the Copyright Act; (2) appropriately "distinguish[es]" -- as petitioner's "British Rule" plainly does not -- "between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 763); (3) enhances the "predictability and certainty of copyright ownership" (*Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730, 749 (1989)), by providing a reasonably certain benchmark for the award of counsel fees in enforcement actions; and (4) affords copyright defendants sufficient incentives to litigate their defenses. For all of these reasons, we agree with the Ninth Circuit and with Professor Nimmer that "[i]n the case of a prevailing defendant, award of attorney's fees should be disallowed not only when the losing party (i.e., the plaintiff) advanced a novel or complex question of law, but even when it advanced only a 'colorable' claim." 3 *Nimmer on Copyright*, 14.10[D], at 14-120 n.40.

1. The Ninth Circuit's rule encourages effective copyright enforcement

First and foremost, the Ninth Circuit's rule encourages the "effective * * * enforcement of the copyright policy" (*F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952)). "The purpose of the rule is to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full effect to the broad protection for copyrights intended by the Copyright Act." Pet. App. A-19 to A-20. As the Second Circuit has explained, "[f]ees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims." *Diamond* v. *Am-Law Publishing Corp.*, 745 F.2d at 148. A more expansive rule for prevailing defendants, the Seventh Circuit has noted, would "disserve the remedial purposes underlying the Copyright Act." *Video Views, Inc.* v. *Studio 21, Ltd.*, 925 F.2d at 1022.

Congress clearly contemplated that copyright claims would be vigorously enforced. "[The] main purpose" of the Copyright Act, this Court has noted, is "to secure the right of multiplying copies of the work, a right which is the special creation of the statute." *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339, 350-351 (1908). Indeed, the 1976 Act was expressly designed to facilitate vigorous enforcement, ensuring that the "limitations and conditions on copyright * * * [would] not be so burdensome and strict as to deprive authors of their just reward." Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law (Comm. Print 1961) at 6 ("1961 Register's Report"). Recognizing that "[a]uthors wishing copyright protection should be able to secure it readily and simply" (*ibid.*), Congress enacted a statute that facilitated, and thereby encouraged, protection and enforcement of copyrights.[17]

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[17] Indeed, many of the Act's most important provisions promote the vigorous enforcement of copyrights. For example, the 1976 Act substituted a uniform system of federal statutory copyright -- under which a copyright holder is protected by federal statutory law from the time he creates his copyrightable work -- for the previous bifurcated system, under which the holder was protected under state common law from the time of creation until publication, and by federal statutory law thereafter. 17 U.S.C. 301. "[O]ne of the bedrock provisions of the [1976 Act]" (S. Rep. No. 94-473, 94th Cong., 1st Sess. 112 (1975) ("1975 Senate Report")), Section 301

And toward that end, the Copyright Act provides a variety of remedies, equitable and legal, to prevent infringement -- each of which (except for fees and costs) is available only to copyright plaintiffs.[18]

Vigorous enforcement of copyright claims, moreover, serves the underlying purposes of the Copyright Clause, which empowers Congress "[t]o promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. The Copyright Clause identifies the copyright holder as the "chosen instrument * * * to vindicate 'a policy * * * of the highest priority'" (*Christiansburg Garment*, 434 U.S. at 418). Although "the immediate effect" of an infringement lawsuit "is to secure a fair return for an 'author's' creative labor," the "ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good." *Twentieth Century Music Corp.* v. *Aiken*, 422 U.S. 151, 156 (1975). As the Court explained in *Mazer* v. *Stein*, 347 U.S. 201, 219 (1954):

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to

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facilitates enforcement of the Act by extending the "better and more precise remedies" (1961 Register's Report at 40) of federal law to the pre-publication stage, and by reducing the uncertainty inherent in bringing common law copyright claims in state courts. See generally Koenigsberg, *The 1976 Copyright Act: Advances for the Creator*, 26 Cleve. St. L. Rev. 515, 516-517 (1977).

[18] See 17 U.S.C. 502 (injunctions "to prevent or restrain infringement of a copyright"); 17 U.S.C. 503 (impoundment and disposition of infringing articles); 17 U.S.C. 504 (actual damages and profits or statutory damages assessed against "an infringer of copyright").

> advance public welfare through the talents of authors and inventors in "Science and useful Arts."[19]

Thus, while copyright holders receive valuable, enforceable rights that only they may sue on, "the grant is made in furtherance of a governmental policy of the United States," and the benefits of the copyright "are deemed to accrue to the public in the execution of that policy." *Fox Film Corp.* v. *Doyal*, 286 U.S. 123, 128 (1932).

The Ninth Circuit's construction of Section 505 is faithful to these underlying purposes. Copyright claims, like civil rights claims, are inherently uncertain. "[N]o matter how meritorious one's claim may appear at the outset, the course of litigation is rarely predictable." *Christiansburg Garment*, 434 U.S. at 422. To assess counsel fees against copyright plaintiffs "simply because they do not finally prevail" would, as the Court noted in *Christiansburg Garment*, "substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement" of the copyright laws. *Ibid.*[20]

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[19] Accord, *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) ("[Copyright law] is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired").

[20] Although amicus curiae supporting petitioner recognizes that fee awards may have a "chilling effect" on copyright enforcement, it contends that this concern does not justify the Ninth Circuit's rule. Instead, amicus suggests, the risk of "chilling effect" should simply be "taken into account" by a court in deciding whether to award fees in any particular case. *Brief Amicus Curiae of Hewlett-Packard in Support of Petitioner* at 7 n.4. That approach is plainly inadequate. Copyright holders deciding whether to enforce their

The present case illustrates the importance of the Ninth Circuit's rule. Although prominent musicologists, members of his former band, music critics, and even petitioner's own expert recognized a substantial similarity between "Jungle" and "Old Man," the outcome of the case was nevertheless uncertain from the start.[21] Moreover, as the verdict in the case ultimately confirmed, petitioner, as a professional entertainer, could be expected to be a formidable witness at trial.[22] Recognizing those uncertainties, and already bearing

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rights must make that decision at the *outset* of the action and based on a *known* standard. They cannot make intelligent decisions if they are required to speculate whether a court will conclude, after the fact, that a fee award might have had some "chilling effect" on the plaintiff, or that such an award might have such an effect on future copyright holders considering whether to bring infringement actions. Amicus' approach also has a "Catch-22" quality, in that courts will be asked to assess the "chilling effect" only in cases that have already been litigated. In all other cases -- where the "chilling effect" has actually stifled the enforcement -- no such inquiry will ever be performed.

[21] Under the two-prong test used by the Ninth Circuit to determine "substantial similarity" between two works, respondent was required to prove not only similarity in objective details (for example, the number of identically-placed notes in two songs), but also similarity under a "subjective, intrinsic test which focuses on the response of the 'ordinary, reasonable person' to the works." *McCulloch*, 823 F.2d at 319. Because the determination of "intrinsic" similarity "'is uniquely suited to the trier of fact * * *'" (*ibid.*), a plaintiff that appears to have a valid claim based on the objective similarity between two works may nonetheless fail to carry his burden of proof because of a jury's subjective opinion.

[22] Petitioner was permitted "to demonstrate his songwriting ability by performing his songs in the courtroom." And as his trial counsel aptly noted, "[i]n the case of a performer of [petitioner's] stature, this evidence can be overwhelming." Sidle, *supra* note 1, at 61.

the burden of proof, respondent was scrupulously cautious in deciding whether to enforce its copyright. But "[t]o take the further step of assessing attorney's fees against [respondent] simply because [it did] not finally prevail" would have added "substantially" -- and, in our view, too substantially -- to the risks presented by the case. *Christiansburg Garment*, 434 U.S. at 422. That is particularly true in light of the amount of fees that petitioner ultimately sought -- nearly $1 million, more than twice the amount of counsel fees ever reported in a copyright infringement action.[23]

Copyright plaintiffs should not absorb such added risks in seeking to enforce the rights granted to them by law. To the contrary, a court's "discretion" under Section 505 must be exercised in light of effective enforcement policy -- "to vindicate 'a policy that Congress considered of the highest priority'" (*Christiansburg Garment*, 434 U.S. at 418). The majority rule best serves that policy. While it imposes counsel fees on losing plaintiffs whose claims are unreasonable, it does not sanction them simply because they lost. Any other rule -- particularly the "British Rule" that petitioner endorses (Br. 39) -- "would fall short of an effective sanction for enforcement of the copyright policy."

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[23] See 3 *Nimmer on Copyright*, 14.10[C], at 14-117 n.20 (1993) ("The most substantial award of attorney's fees and costs ever reported in a copyright infringement action was in the amount of $451,789.06 * * *"). Petitioner claims that he incurred such high fees because respondent took unnecessary and "extensive" discovery. Br. 7 n.10. That is simply not so. To the contrary, a large portion of petitioner's attorney's fees was incurred in prosecuting counterclaims and taking legal positions that the district court and the Ninth Circuit found to be completely meritless. Pet. App. A-7 to A-18, A-25 to A-30.

F. W. Woolworth Co. v. *Contemporary Arts, Inc.*, 344 U.S at 233.[24]

Petitioner contends, however, that Section 505 should not be construed to encourage copyright enforcement, but rather should be "neutral" between plaintiffs and defendants. In his view, "the Copyright Act was not enacted to provide a mechanism for enforcing and vindicating individual rights," but instead "serve[s] the purpose of clarifying the scope of the limited monopoly created by the Copyright Act." Br. 36. But the Copyright Act is simply not "neutral." As this Court has noted, the Copyright Clause "describes both the objective which Congress may seek" -- that is, "the progress of science and the arts" -- *and* "the means to achieve it" -- that is, through the provision of enforceable rights to creators and their assignees. *Goldstein* v. *California*, 412 U.S. 546, 555 (1973). Neither the Copyright Clause nor the Copyright Act suggests that the constitutional objective is equally well served by the *defense* of infringement actions. Rather, the Framers -- and Congress as well -- viewed the "claims of [copyright holders]," *not* defenses against those claims, as the principal vehicle by which "the Progress of Science and useful Arts"

[24] The Court's decision in *F. W. Woolworth Co.* illustrates the proposition that judicial discretion under the Copyright Act must be exercised in light of the congressional policy of vigorous enforcement. The question in *Woolworth* was whether a court could exercise its discretion under 17 U.S.C. 101(b) of the 1909 Copyright Act to award a copyright plaintiff $5000 in statutory damages, even though the defendant had proved that the profits arising from the infringement were appreciably less than that amount. The Court upheld the award of statutory damages, explaining that "a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers." 344 U.S. at 233.

would be secured. J. Madison, The Federalist No. 43, at 309 (B. Wright ed. 1961).[25]

[25] Indeed, contrary to petitioner's contention, the 1976 Act in general reflects a congressional desire to *expand* the protections afforded creators and their assignees, and is not a neutral determination of the scope of limits of copyrights. The Register of Copyrights at the time of the 1976 enactment described the Act as "an author's bill," thus acknowledging Congress' pro-enforcement purpose (Barbara Ringer, Register of Copyrights, Remarks at "Program on the 1976 Copyright Act" (New York City, May 7, 1977)). The pro-copyright, pro-enforcement orientation of the 1976 Act is perhaps best reflected in the Act's extension of the copyright term from 56 years to 75 years for works copyrighted before 1978, and its establishment of a copyright term based on the life of the author plus 50 years for works copyrighted after 1978. This revision of the 1909 Act -- called "by far [the authors'] most important legislative goal" of the 1976 revision (1975 Senate Report at 117; H.R. Rep. No. 1476, 94th Cong., 2d Sess. 133 (1976)), and considered by the Register to be the "foundation of the entire bill" (*ibid.*) -- reflects the congressional goal of *extending* the protection afforded copyright holders, at the expense of public users. Numerous other revisions to the 1909 Act -- including, for example, the elimination of the so-called "jukebox exemption," the increase of compulsory license fees for sound recordings, and the addition of various types of artistic works to the ranks of the copyrightable -- reflect a similar congressional intent to provide greater protection and rewards to copyright holders. Conversely, the 1976 Act contains few provisions that in any way diminish the rights and rewards provided to creators and their assignees under the copyright laws. See generally Koenigsberg, *supra*. Further, Congress' most recent revision of the copyright laws -- the Copyright Renewal Act of 1992 (Pub. L. 102-307, 106 Stat. 264 (June 26, 1992)) -- further expands the scope of copyright protection at the expense of the "public domain" by providing for an automatic renewal of copyrights for works that first achieved copyright protection between January 1, 1964 and December 31, 1977.

More generally, petitioner's implicit suggestion -- that the courts should construe Section 505 to accommodate the competing claims of copyright defendants -- misapprehends the legislative scheme. The *substantive* provisions of the Copyright Act, which create enforceable rights while also limiting the scope of those rights, already balance "the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand" (*Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. at 429). It is Congress -- and Congress alone -- that "has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests" (*id.* at 431), and it has done so in the Act's substantive provisions. The courts should not reconfigure that balance by construing Section 505, as petitioner suggests, in a fashion calculated to defeat the enforcement of copyright claims.

In any event, as we show below, the Ninth Circuit's rule provides sufficient incentives for copyright defendants to litigate vigorously. Copyright defendants, like all defendants, have an incentive to avoid or limit liability. Moreover, under the Ninth Circuit's rule, if defendants prevail and prove the plaintiff's claim to be baseless, they will also receive their attorney's fees. Petitioner does not explain why these incentives will be insufficient to encourage a vigorous defense.[26]

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[26] Petitioner also asserts that the Ninth Circuit's construction of Section 505 places him in a "predicament" because he will now be required to "create new music completely dissimilar to any of his earlier, successful works if he wishes to avoid legal attack and the accompanying expense of attorney's fees in defending himself against the claims of those who control the copyrights to his early creativity" (Br. 29). It is not clear why petitioner believes that the Ninth Circuit's rule places him in any such "predicament." Regardless of what construction of Section 505 is adopted, all

2. The Ninth Circuit's rule properly distinguishes between inncocent parties and wrongdoers

As the Court explained in *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754 (1989), fee-shifting provisions, like Section 505, should generally be construed to impose counsel fees only upon "wrongdoers" -- parties that have actually violated the rights or policies of the underlying statute. In *Zipes*, for example, the plaintiffs had secured a favorable Title VII settlement agreement and thereafter prevailed against an intervenor that attempted to overturn the settlement. Plaintiff then sought attorney's fees from the intervenor pursuant to Section 706(k). Looking to "the competing equities that Congress normally takes into account" in drafting fee-shifting provisions (*id.* at 761), the Court held that attorney's fees should be awarded against losing intervenors "only where the intervenors' action was frivolous, unreasonable, or without foundation" (*ibid.*). The Court recognized that "the inability generally to recover fees against intervenors [might] create some marginal disincentive against Title VII suits" (*id.* at 762). But that concern, the Court observed, must be "weigh[ed] * * * against other considerations" (*ibid.*). "Foremost among these is the fact that, in contrast to losing Title VII defendants who are held presumptively liable for attorney's fees, losing intervenors like petitioner have not been found to have violated anyone's

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petitioner has to do "to avoid legal attack and the accompanying expense of attorney's fees" is to avoid creating songs that are substantially similar to ones in which other parties hold a copyright interest. And that should not prove particularly onerous: although petitioner has published approximately 25 songs, and has released three albums of original material, since respondent ceased to have any rights to petitioner's new compositions, "Old Man" is the one and only song on which respondent has commenced infringement proceedings. RT 713:10-716:14, 738:19-741:2, 742:7-743:20.

civil rights" (*ibid.*). To impose fees on the intervenors, the Court explained, would ignore "the crucial connection between liability for violation of federal law and liability for attorney's fees under federal fee-shifting statutes" (*ibid.*).

The *Zipes* case illustrates just how reluctant the Court is to shift fees in the absence of wrongdoing by the losing party. Although the prevailing plaintiffs in *Zipes* had asserted a claim under Title VII -- "a policy that Congress considered of the highest priority" (*Christiansburg Garment*, 434 U.S. at 416) -- the Court declined to impose fees on the intervenors. Fee awards, the Court emphasized, must clearly "distinguish[] between wrongdoers and the blameless" (491 U.S. at 763). Petitioner overlooks that distinction entirely. Although he contends that prevailing copyright defendants "provide a benefit to the general public by clarifying elements of the statutory scheme governing copyrights" (Br. 22), and that they promote the public "availability of others' creative efforts" (Br. 20), those interests are surely no more important than the statutory rights secured by the prevailing plaintiffs in *Zipes*. And yet, largely because the losing party in *Zipes* did not "violate[] anyone's * * * rights" (491 U.S. at 762), the Court declined to shift counsel fees, absent a showing that the intervenors' action was "frivolous, unreasonable, or without foundation" (*id.* at 761).

The Ninth Circuit's rule best reflects "the crucial connection between liability for violation of federal law and liability for attorney's fees under federal fee-shifting statutes" (*Zipes*, 491 U.S. at 762). In the copyright context, as in any other, "when a district court awards counsel fees to a prevailing plaintiff, it is awarding them against a violator of federal law." *Christiansburg Garment*, 434 U.S. at 418. By contrast, when a defendant prevails -- but the plaintiff has brought an objectively reasonable lawsuit -- the losing plaintiff has "not been found to have violated anyone's [statutory] rights" (*Zipes*, 491 U.S. at 762). Imposing fees on

the losing (but reasonable) plaintiff does not penalize a wrongdoer. It simply penalizes defeat.

That is not the traditional function of statutory attorney's fees, in this setting or any other. "Our system does not regard bringing (or, for that matter, defending) a losing case -- without more -- as the infliction of a legal wrong." Rowe, *The Legal Theory of Attorney Fee Shifting: A Critical Overview*, 1982 Duke L.J. 651, 659 (1982). Particularly is that true in copyright cases, where a plaintiff's defeat on the merits of an otherwise reasonable claim may result from the highly complex nature of the evidence, or simply -- as perhaps here -- from the persuasiveness of a popular artist defending at trial. Where the claim is colorable, the plaintiff is not a wrongdoer, and ought not to be assessed his adversary's legal fees.

Of course, where the plaintiff's claim *is* objectively unreasonable, it makes perfect sense to shift counsel fees. In that event, the imposition of attorney's fees properly serves to penalize (and thus deter) a party that has abused the copyright system by wrongfully invoking its machinery. In the absence of such wrongdoing, however, shifting counsel fees to a prevailing defendant cannot be squared with the "equitable consideration" that attorney fee awards must carefully "distinguish[] between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 759, 763).

3. The Ninth Circuit's rule promotes predictability and certainty in copyright ownership

As this Court recognized in *Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730 (1989), there is a "'copyright marketplace,'" in which "parties negotiate with an expectation that one of them will own the copyright in the * * * work." 490 U.S. at 749. "By establishing a *marketable right* to the use of one's expression, copyright supplies the economic incentive to create and disseminate

ideas." *Harper & Row, Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 558 (1985) (emphasis added). And like any other property owner, current or prospective copyright holders cannot do business -- either by creating new works *or* by selling their existing copyrights -- without reasonable certainty about the value of their copyright interest. Indeed, the Court noted in *Reid*, "Congress' paramount goal in revising the [Copyright] Act" was to enhance the "predictability and certainty of copyright ownership." 490 U.S. at 749.[27]

The ready ability to *enforce* a copyright -- predictably and with reasonable certainty -- adds considerably to the "predictability and certainty of copyright ownership" itself. As this Court has emphasized, the "value" of a copyright "depend[s] upon the possibility of enforcement." *Washingtonian Publishing Co.* v. *Pearson*, 306 U.S. at 39. "Without right of vindication a copyright is valueless." *Id.* at 40.

The Ninth Circuit's construction of Section 505 best promotes the "paramount goal" of predictable copyright enforcement. Under the Ninth Circuit's rule, copyright holders will know that, in the event of infringement, they will be able to enforce their copyrights without risking the added and highly unpredictable burden -- except in baseless cases -- of paying their adversary's legal bills. Only when their claim is objectively unreasonable -- a criterion over which they have

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[27] In *Reid*, the Court rejected a particular construction of the "work for hire" provisions of the Copyright Act precisely because it would have "thwart[ed] Congress' goal of ensuring predictability through advance planning." 490 U.S. at 750. Accord, *Washingtonian Publishing Co.* v. *Pearson*, 306 U.S. 30, 40 (1939) (rejecting a construction of the Copyright Act that "would lead to unfortunate uncertainty and confusion"). Cf. *City of Burlington* v. *Dague*, 112 S. Ct. at 2643 (construing certain fee-shifting provisions in light of "the interest in ready administrability").

control, and which is sufficiently ascertainable at the outset -- will they be saddled with the defendant's counsel fees.

By contrast, the minority approach -- which treats objective reasonableness as an important, but not dispositive, factor -- may entail significant uncertainty for copyright owners. Courts applying the minority rule have identified a variety of factors, some fairly opaque, that may bear on fee awards under Section 505. Thus, one court has focused on such factors as whether the "plaintiff caused defendant considerable expense and trouble" (*Cohen* v. *Virginia Elec. & Power Co.*, 617 F. Supp. 619, 623 (E.D. Va. 1985), appeal dismissed, 788 F.2d 247 (4th Cir. 1986)). And other courts have stated, more broadly, that judges may simply "weigh any other relevant factor presented." *Rosciszewski*, 1993 U.S. App. LEXIS at *27. See also *Lieb*, 788 F.2d at 156 ("[w]e expressly do not limit the factors to those we have mentioned, realizing that others may present themselves in specific situations"). Under such open-ended formulations, copyright holders "would not know until late in the process," *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 750, or even after the verdict, whether the criteria for fee shifting have been satisfied.

Petitioner's construction of Section 505 is worse yet. Under his rule, in the absence of "exceptional circumstances" -- which petitioner nowhere defines -- a prevailing defendant will receive counsel fees simply by prevailing. For copyright holders, petitioner's rule works substantial uncertainty. As this Court noted in *Christiansburg Garment*, "no matter how meritorious one's claim may appear at the outset, the course of litigation is rarely predictable." 434 U.S. at 422. To assess counsel fees against copyright plaintiffs "simply because they do not finally prevail" would "substantially add to the risks inhering in most litigation" (*ibid.*), and would undermine the "predictability and certainty of copyright ownership" (*Reid*, 490 U.S. at 749) that is essential to the creative process.

4. The Ninth Circuit's rule provides sufficient incentives for defendants to mount a vigorous defense to copyright infringement claims

Finally, the rule applied by the Ninth Circuit permits "the adversary judicial process" to function (*Christiansburg Garment*, 434 U.S. at 419), allowing both plaintiffs *and* defendants to assert their claims vigorously. On the one hand, the rule encourages plaintiffs to bring reasonable infringement claims, without the draconian prospect of having to absorb their opponents' counsel fees if they are unsuccessful at trial. On the other hand, the rule encourages defendants to litigate vigorously in order to show that the plaintiff's claim was objectively unreasonable.

There is no reason to believe that the Ninth Circuit's construction of Section 505 -- applied in three other circuits as well -- fails to provide sufficient incentives to copyright defendants. First and foremost, under the Ninth Circuit's standard, copyright defendants have the same incentive to litigate vigorously that *all* defendants have -- to avoid an adverse judgment. Upon a finding of infringement, a court may order injunctive relief (17 U.S.C. 502), the confiscation of infringing property (17 U.S.C. 503), and damages that include *both* disgorgement of the defendant's profits *and* the actual damages suffered by the plaintiff (17 U.S.C. 504). And even where the defendant's own profits are too low to provide a sufficient litigating incentive, a court is still free to impose statutory damages in excess of the defendant's gain. 17 U.S.C. 504(c). See *F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, *supra*.

What is more, under the Ninth Circuit's rule, defendants who, through vigorous advocacy, establish that the plaintiff's claim was, in fact, objectively unreasonable may receive attorney's fees under Section 505. If stronger incentive to defend were needed, surely the rule provides it. Indeed, this very litigation confirms that the Ninth Circuit's rule provides

ample incentive to defend. Petitioner must certainly have known, from the outset of this lawsuit, that any fee application under Section 505 would ultimately be governed by the standard applied in this case. Nevertheless, petitioner does not suggest -- nor, given the history of this case, could he suggest -- that he refrained from pressing a vigorous defense because the prospects of recovering attorney's fees were insufficiently strong.

In any event, even if the Ninth Circuit's rule "did create some marginal disincentive" for copyright defendants to litigate to the hilt, that factor "would still have to [be] weigh[ed] * * * against other considerations" (*Zipes*, 491 U.S. at 762). "[I]n light of the competing equities that Congress normally takes into account" (*id.* at 761) -- encouraging the enforcement of the underlying statutory right; penalizing actual wrongdoing; promoting certainty and predictablity; and permitting the adversary process to function -- the Ninth Circuit's construction of Section 505 is plainly correct.

By contrast, petitioner's proposed construction of Section 505 would greatly disserve the "adversary judicial process." In petitioner's view, "[b]y litigating copyright actions" defendants "provide a benefit to the general public by clarifying elements of the statutory scheme governing copyrights" (Br. 22). But petitioner's "British Rule" will not serve even that purpose. As explained above, petitioner's rule would chill many copyright holders from seeking to enforce their rights. In those cases, there will be no copyright litigation at all, and thus no opportunity for defendants (or plaintiffs for that matter) to "clarify[] elements of the statutory scheme."

C. By Reenacting, Without Change, The Attorney's Fee Provision of the 1909 Act, Congress Ratified The Well-Settled Judicial Construction Of That Earlier Provision, Which Was Exactly The Same As The Standard Applied By The Ninth Circuit In This Case

1. Congress is presumed to know of, and to ratify, the prevailing judicial construction of a statute when it reenacts that statute without change

"It is always appropriate," this Court has noted, "to assume that our elected representatives, like other citizens, know the law." *Cannon* v. *University of Chicago*, 441 U.S. 677, 696-697 (1979). It is therefore well settled that "Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it re-enacts a statute without change * * *." *Lorillard* v. *Pons*, 434 U.S. 575, 580 (1978). As the Court explained in *Pierce* v. *Underwood*, 487 U.S. 552 (1988), when "Congress reenact[s] a statute that had in fact been given a consistent judicial interpretation * * *[,] [s]uch a reenactment, of course, generally includes the settled judicial interpretation." *Id.* at 567.[28]

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[28] The Court has routinely applied that principle in a wide variety of statutory settings. See, *e.g.*, *Keene Corp.* v. *United States*, 113 S. Ct. 2035, 2043 (1993) (in construing 28 U.S.C. 1500, the Court applied "the presumption that Congress was aware of the[] earlier judicial interpretations and, in effect, adopted them"); *Albemarle Paper Co.* v. *Moody*, 422 U.S. 405, 414 n.8 (1975) (holding that Congress ratified the courts of appeals' uniform construction of the back pay provisions of Title VII when it reenacted those provisions without change); *NLRB* v. *Gullett Gin Co.*, 340 U.S. 361, 366 (1951) ("[B]y reenacting without pertinent modification the provision with which we here deal, Congress accepted the construction placed thereon by the [National Labor Relations] Board and approved by the Courts"); *United States* v. *Ryan*, 284 U.S. 167, 174-175 (1931) (where Congress had reenacted certain tax laws "without substantial change," it "must be considered to have adopted the consistent interpretation" the lower courts had given the earlier provision "for more than sixty years").

The presumption of ratification has particular force where Congress has left the relevant provision intact while at the same time significantly *revising* other parts of the statute. In *Merrill, Lynch, Pierce, Fenner & Smith* v. *Curran*, 456 U.S. 353 (1982), for example, the Court explained that "the fact that a comprehensive reexamination and significant amendment of the [Commodities Exchange Act] left intact the statutory provisions under which the federal courts had implied a cause of action is itself evidence that Congress affirmatively intended to preserve that remedy." *Id.* at 381-382. Likewise, in *Haig* v. *Agee*, 453 U.S. 280 (1981), the Court held that where Congress had amended one portion of the Passport Act, without disturbing the section at issue, "Congress [was] therefore presumed to have adopted the administrative construction" that had been placed on the relevant provision. *Id.* at 301 n.50. And in *Herman & MacLean* v. *Huddleston*, 459 U.S. 375 (1983), the Court held that where Congress in 1975 had "enacted the 'most substantial and significant revision of this country's Federal securities laws since * * * 1934,'" its decision to leave intact the law's remedial provisions bespoke Congress' intention to ratify and adopt the construction given those provisions by the courts under the 1933 and 1934 Securities Acts. *Id.* at 384-386.

Finally, the presumption of ratification is most compelling when Congress expressly considers and approves the prevailing case law when it reenacts the statute. In that event, one "need not rely on the bare force of th[e] presumption," since "the legislative history * * * demonstrates that Congress was indeed well aware" of the prevailing judicial

construction. *Lindahl* v. *OPM*, 470 U.S. 768, 782 (1985). Where "the legislative history clearly shows congressional awareness" of the settled construction of the statute (*Haig* v. *Agee*, 453 U.S. at 297), the case for ratification is plainly the strongest. As the Court summarized the point in *United States* v. *Sheffield Bd. of Comm'rs*, 435 U.S. 110 (1978): "When a Congress that re-enacts a statute voices its approval of an administrative or other interpretation thereof, Congress is treated as having adopted that interpretation, and this Court is bound thereby." *Id.* at 134. See also *Albemarle Paper Co.* v. *Moody*, 422 U.S. at 414 n.8.[29]

[29] The Court's decision in *Blanchard* v. *Bergeron*, 489 U.S. 87 (1989), illustrates that principle in a closely related setting. The question in *Blanchard* was whether Congress had intended to limit fee awards under 42 U.S.C. 1988 to the amount provided under a contingent fee arrangement between a prevailing plaintiff and his attorneys. In holding otherwise, the Court prominently relied on the Fifth Circuit's decision in *Johnson* v. *Georgia Highway Express, Inc.*, 488 F.2d 714 (1974), "because both the House and Senate Reports refer to the 12 factors set forth in *Johnson* for assessing the reasonableness of an attorney's fee award." *Blanchard*, 489 U.S. at 91. The Court also relied on three district court decisions, in light of the fact that Congress had explicitly stated that those cases "'correctly applied' the 12 factors laid out in *Johnson*." *Id.* at 92, quoting S. Rep. No. 94-1011, at 6 (1976). See also *Hensley* v. *Eckerhart*, 461 U.S. at 429-431, 435 (relying on *Johnson* and a district court case cited with approval by the Senate Report in interpreting the "prevailing party" language of Section 1988); *Apex Hosiery Co.* v. *Leader*, 310 U.S. 469, 487-489 (1940) (the presumption of ratification is most compelling when the prevailing judicial construction of the statute has been "fully brought to the attention of the public and the Congress").

2. Under these principles, Congress unmistakably adopted a construction of the attorney's fee provision that was identical to the standard applied by the Ninth Circuit in this case

a. The attorney's fee provision in Section 505 of the Act represents a reenactment, without change, of the comparable provision in Section 116, formerly Section 40, of the Copyright Act of 1909, 17 U.S.C. 116 (1976). Section 116 stated in pertinent part that "the court may award to the prevailing party a reasonable attorney's fee as part of the costs." Section 505, enacted in 1976, likewise provides that "the court may * * * award a reasonable attorney's fee to the prevailing party as part of the costs."

The reenactment of the attorney's fee provision without change was quite deliberate, for in most other respects the 1976 Copyright Act "almost completely revised existing copyright law." *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 743.[30] Indeed, even as it *reenacted* the attorney's fee provision of Section 116, Congress significantly *amended* the provision of Section 116 relating to costs -- and incorporated both provisions in Section 505. Prior to the 1976 reenactment, Section 116 stated that "[i]n all actions, suits, or proceedings under this title * * * full costs shall be allowed" (17 U.S.C. 116 (1976)). The 1976 Act, however, made the award of costs discretionary: "In any civil action under this title, the court in its discretion *may* allow the

[30] For example, the Act made significant changes with respect to, *inter alia*, the term of a copyright; the relation between federal and state copyright law; the types of artistic activity covered by the copyright laws; the compulsory license fees charged for sound recordings; and the notice and registration requirements placed on copyright holders. See generally Koenigsberg, *supra*; Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857 (1987).

recovery of full costs by or against any party other than the United States or an officer thereof." 17 U.S.C. 505 (emphasis added).

In short, the presumption of ratification is plainly applicable here: Congress reenacted, without change, the attorney's fees provision in Section 116, even as it comprehensively revised much of the rest of the statute (including the adjoining costs provision). Under those circumstances, Congress must be presumed to have adopted the established judicial construction of the attorney's fee provision. And that judicial construction, as we now show, was *uniformly identical* to the rule applied by the Ninth Circuit in this case.

b. Prior to the 1976 reenactment, it was firmly established that prevailing defendants should not be awarded attorney's fees unless the plaintiff's claim was entirely without merit or vexatiously brought. Three courts of appeals and at least two dozen district courts had addressed the issue. Each and every court held that prevailing defendants could recover attorney's fees under Section 116 only if the plaintiff's claim was objectively unreasonable.

In *Edward B. Marks Music Corp.* v. *Continental Record Co.*, 222 F.2d 488 (2d Cir.), cert. denied, 350 U.S. 861 (1955), for example, the Second Circuit held that a losing plaintiff should not be assessed attorney's fees where the litigation "was not vexatious but involved a novel question of statutory interpretation." 222 F.2d at 493.[31] The Seventh

[31] See also *Continental Casualty Co.* v. *Beardsley*, 253 F.2d 702, 708 (2d Cir.) (denying fee award to a successful counter-defendant where the infringement counterclaim was "not deceitfully and unreasonably made"), cert. denied, 358 U.S. 816 (1958). By contrast, in *Mailer* v. *RKO Teleradio Pictures*, 332 F.2d 747 (2d Cir. 1964), the Second Circuit affirmed the award of fees to a prevailing defendant where the plaintiff's claim was

Circuit applied the same standard, holding that it was an abuse of discretion to award attorney's fees to a prevailing defendant where the plaintiff's claim was not "entirely without merit" and involved a close question of law. *Eisenschiml* v. *Fawcett Publications*, 246 F.2d 598, 604 (7th Cir.), cert. denied, 355 U.S. 907 (1957). Accord, *Official Aviation Guide Co.* v. *American Aviation Assocs.*, 162 F.2d 541, 543 (7th Cir. 1947) (affirming the denial of attorney's fee to a prevailing defendant where "[t]he instant case was hard fought and prosecuted in good faith, and * * * presented a complex problem in law"). And the Ninth Circuit took the same view: in *Overman* v. *Loesser*, 205 F.2d 521, 524 (9th Cir.), cert. denied, 346 U.S. 910 (1953), for example, the court denied the defendant counsel fees under Section 116 because "[t]he case was hard fought," and because "the principal question [was] a complex question of law." By contrast, in *Corcoran* v. *Montgomery Ward & Co.*, 121 F.2d 572, 576 (9th Cir.), cert. denied, 314 U.S. 687 (1941), the court *affirmed* a fee award to a prevailing defendant where the trial court had found the plaintiff's lawsuit "without justification, either in law or in fact."[32]

The federal district courts -- which were charged, of course, with the principal task of exercising "discretion" under the attorney's fees provision -- likewise uniformly declined to award attorney's fees to prevailing defendants absent unreasonable conduct on the part of the losing

"unreasonable." *Id.* at 749.

[32] See also *Shapiro, Bernstein & Co.* v. *4636 S. Vermont Ave., Inc.*, 367 F.2d 236 (9th Cir. 1966) (reversing award of attorney's fees to a prevailing defendant because court was "unable to agree that [plaintiff] brought this suit in bad faith knowing the cases were against it and without belief in the merits of the claim").

plaintiff.[33] Indeed, two of the leading district court decisions under the 1909 Act explicitly recognized that the prevailing case law embodied a so-called "dual standard" that was more generous to prevailing plaintiffs than to prevailing defendants. As Judge Feinberg explained in *Davis* v. *E.I. DuPont de Nemours & Co.*, 257 F. Supp. 729 (S.D.N.Y. 1966), "the restrictive criteria of the line of cases denying an attorney's fee to a victorious defendant short of evidence of bad faith or frivolity on plaintiff's part apparently have not been applied as vigorously where plaintiff succeeds in proving infringement of his copyright * * *." *Id.* at 732. And Judge Mansfield, surveying the existing case law in *Breffort* v. *I Had A Ball Company*, 271 F. Supp. 623 (S.D.N.Y. 1967), concluded that "the considerations prompting an award of fees to a successful plaintiff must of necessity differ from those

[33] Petitioner contends that "a close reading" of the cases demonstrates that there was, in fact, no "uniform" construction of the 1909 attorney's fee provision (Br. 15). Indeed, citing a single case, he asserts that "there is authority in the pre-1976 Act case law which supports the notion that the provision of the Copyright Act allowing awards of attorney's fees was an adoption of the English rule for fee awards with the purpose of making the prevailing party 'whole'" (Br. 15). In fact, however, *Lewys* v. *O'Neill*, 49 F.2d 603 (S.D.N.Y. 1931) -- the one case petitioner identifies (Br. 15-16) -- holds no such thing. In that case, the district court noted only that in enacting the 1909 version, "Congress ha[d] seen fit to leave the courts *free* to adopt the wise English practice of throwing a large part of the expense of litigation on the unsuccessful party." 49 F.2d at 618 (emphasis added). The court did not consider itself *bound* under the statute to impose automatic fee shifting. To the contrary, the court's decision to shift counsel fees reflected its finding that plaintiff's copyright claim rested on a "grotesque" comparison of her work to that of the defendant, Eugene O'Neill. *Ibid.* Describing plaintiff's claims, the court tersely noted (*id.* at 611) that "[a]bsurdity could not rise to greater heights."

determining whether a prevailing defendant is entitled to such an award." *Id.* at 627. As he put it (*ibid.*):

> The purpose of an award of counsel fees to a plaintiff is to deter copyright infringement. * * * In the case of a prevailing defendant, however, prevention of infringement is obviously not a factor; and if an award is to be made at all, it represents a penalty imposed upon the plaintiff for institution of a baseless, frivolous, or unreasonable suit, or one instituted in bad faith.[34]

[34] The remaining district court cases, while not articulating a dual standard as such, nonetheless awarded counsel fees to prevailing defendants only if the losing plaintiff was shown to have acted unreasonably. See, *e.g.*, *Schroeder* v. *William Morrow & Co.*, 421 F. Supp. 372, 378 (N.D. Ill. 1976) ("Because [plaintiff's] action has, in our opinion, been prosecuted in good faith and with a reasonable likelihood of success, defendants will not be granted an award of attorneys' fees"), rev'd on other grounds, 566 F.2d 3 (7th Cir. 1977); *Gardner* v. *Nizer*, 396 F. Supp. 63, 64 (S.D.N.Y. 1975) (denying fee award to prevailing defendant where complaint, though "border[ing] on 'unreasonable,' * * * does not appear to have been 'frivolous' or to have been brought in 'bad faith'"); *Kinelow Publishing Co.* v. *Photography In Business, Inc.*, 270 F. Supp. 851, 855 (S.D.N.Y. 1967) (denying fee award to prevailing defendant because plaintiff's claims, while "lacking in merit," were not "unreasonable or capricious"); *C.S. Hammond & Co.* v. *International College Globe, Inc.*, 210 F. Supp. 206, 219 (S.D.N.Y. 1962) (denying attorney's fees to prevailing defendant where "[t]here is neither claim nor proof that the plaintiff has harassed the defendants and no reason to doubt the plaintiff's good faith in bringing this suit has been suggested or shown"); *Burnett* v. *Lambino*, 206 F. Supp. 517, 518-19 (S.D.N.Y. 1962) (granting fee award to prevailing defendant where "asserted claim of infringement was so demonstrably lacking in merit that bringing it was clearly unreasonable"); *Barton Candy Corp.* v. *Tell Chocolate*

In short, by the time Congress reenacted the fee-shifting provision, the "frivolousness" standard was deeply entrenched

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Novelties Corp., 178 F. Supp. 577, 584 (E.D.N.Y. 1959) (holding that awards to prevailing defendants are appropriate only where plaintiff's claim was "capricious or unreasonable" or where the facts require "penalization of the losing party," and denying fees in the absence of either circumstance); *Rose* v. *Bourne, Inc.*, 176 F. Supp. 605, 612 (S.D.N.Y. 1959) (awarding fees to prevailing defendant because of losing plaintiff's "frivolous" conduct), aff'd, 279 F.2d 79 (2d Cir.), cert. denied, 364 U.S. 880 (1960); *Greenbie* v. *Noble*, 151 F. Supp. 45, 70 (S.D.N.Y. 1957) (denying attorney's fees to prevailing defendant where "plaintiff commenced this action in good faith"); *Cloth* v. *Hyman*, 146 F. Supp. 185, 193 (S.D.N.Y. 1956) ("An attorney's fee is properly awarded when the infringement action has been commenced in bad faith, as where the evidence establishes that the plaintiff's real motive is to vex and harass the defendant or where plaintiff's claim is so utterly lacking in merit as to present no arguable question of law or genuine issue of fact"); *Loews, Inc.* v. *Columbia Broadcasting System*, 131 F. Supp. 165, 186 (S.D. Cal. 1955), aff'd, 239 F.2d 537 (9th Cir. 1956), aff'd, 356 U.S. 43 (1958) (denying prevailing defendant fee award where question presented in the case "was a nice one," and there are "no authorities squarely in point to guide the litigants or their counsel"); *Morse* v. *Fields*, 127 F. Supp. 63, 69 (S.D.N.Y. 1954) (denying fee award to prevailing defendant where complaint was not "capricious or unreasonable"); *Stein* v. *Expert Lamp Co.*, 107 F. Supp. 60, 61 (N.D. Ill. 1952) (denying fee award to prevailing defendant where complaint was not "filed in bad faith or for the purposes of harassment"); *Burns* v. *Twentieth Century-Fox Film Corp.*, 75 F. Supp. 986, 992 (D. Mass. 1948) (awarding fees to prevailing defendant where plaintiff did not demonstrate "a scintilla of the type of resemblance that gives rise to liability" under the copyright laws); *Cain* v. *Universal Pictures Co.*, 47 F. Supp. 1013, 1019 (S.D. Cal. 1942) (denying fees to prevailing defendant

under the precursor to Section 505. Indeed, to our knowledge, *no* judicial decision prior to 1976 had ever held that fees could be awarded to a prevailing defendant absent a finding that the losing plaintiff had acted frivolously, unreasonably, or in bad faith. Because Congress "can be presumed to have had knowledge of the interpretation given to the incorporated law," *Lorillard*, 434 U.S. at 581, its decision to reenact the fee-shifting provision without change must be understood to incorporate precisely the standard adopted by the Ninth Circuit in this case.[35]

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in the absence of circumstances "call[ing] for the penalization of the losing party"); *Rose* v. *Connelly*, 38 F. Supp. 54, 55 (S.D.N.Y. 1941) (awarding fees to prevailing defendant where plagiarism claim was "quite fantastic," and where the two plays at issue "differ[ed] in * * * substantially all points of reader or theatre interest"); *Krafft* v. *Cohen*, 38 F. Supp. 1022, 1023 (E.D. Pa. 1941) (denying fee award to prevailing defendant where claim brought "in good faith," and evidence demonstrated appropriation); *Lowenfels* v. *Nathan*, 2 F. Supp. 73, 80 (S.D.N.Y. 1932) (awarding fees to prevailing defendant where "[t]he most earnest advocate of the plaintiff's side of this cause could not * * * possibly find" any plagiarism by the defendant); *Lewys* v. *O'Neill*, 49 F.2d 603, 618 (S.D.N.Y. 1931) (awarding fees to prevailing defendant because plaintiff's case was "wholly synthetic"). See also *Caruthers* v. *R.K.O. Radio Pictures, Inc.*, 20 F. Supp. 906, 908 (S.D.N.Y. 1937) (noting in dicta that fee awards under the copyright act "tend[] to be a deterrent both on infringers of copyright, and *on wholly unfounded copyright claims*") (emphasis added); *Jerome* v. *Twentieth Century-Fox Film Corp.*, 71 F. Supp. 914, 915 (S.D.N.Y. 1947) (denying fees to prevailing defendant where court "c[ould] very well understand how plaintiff was driven to some litigation, although the theory of [the] action for infringement was not supported by the proof"), aff'd, 165 F.2d 784 (2d Cir. 1948).

[35] Without more than a single case citation, petitioner contends that the "pre-1976 case law dealing with attorneys' fees" relied on

c. But there is more: Congress was in fact keenly aware of, and apparently endorsed, the prevailing judicial construction of Section 116 when it reenacted that provision as Section 505. The case for ratification is thus as strong as can be.

The legislative history of the 1976 Act consists primarily of the studies and reports submitted to Congress by the United States Copyright Office. The reason is clear: "When Congress decided to overhaul the copyright statute," it "asked the Copyright Office to study existing problems" (*Feist Publications* v. *Rural Tel. Service Co.*, 111 S. Ct. 1282, 1292 (1991)), and thereafter the revision of the statute was "supervised by the Copyright Office" (*Community for Creative Non-Violence* v. *Reid*, 490 U.S. at 743). The Copyright Office "began building the foundation for the general revision by authorizing a series of 34 studies on major issues of copyright law; these studies were published and included in the legislative history." *Mills Music, Inc.* v. *Snyder*, 469 U.S. 153, 159 (1985). Those studies, moreover, provided Congress with much, if not all, of its information regarding the state of the copyright laws prior to the 1976 enactment.[36]

"such a variety of policy analyses and legal principles that no clear standard * * * could have put Congress 'on notice' of any prevailing interpretation" (Br. 16). As we have shown, that claim is completely unwarranted. The pre-1976 cases uniformly held that attorney's fees should not be awarded to prevailing defendants where the plaintiff's claim was objectively reasonable.

[36] This Court has therefore accorded the Copyright Office studies significant weight in discerning the appropriate construction of the Copyright Act. *Feist Publications* v. *Rural Tel. Service Co.*, 111 S. Ct. at 1292-1293; *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 743-744 & n.10; *Mills Music, Inc.* v. *Snyder*, 469 U.S. at 170 & n.37. As a general matter, "the Copyright Act is unusual in that much of it * * * was drafted by the Copyright

Among the Copyright Office studies were two that explicitly addressed the issue of attorney's fees under the 1909 and 1976 Acts. In one of those studies, the Office reported that in adjudicating fee requests under the 1909 Act, the courts' "discretion ha[d] been judiciously exercised," and it cited over a dozen cases as examples of that "judicious" exercise of discretion. William S. Strauss, *The Damage Provisions of the Copyright Law*, Copyright Office Study No. 22, 86th Cong., 2d Sess. 31 & n.243 (Comm. Print 1960) ("Strauss Study"). In each of the cited cases involving a prevailing defendant, the court either had *awarded* fees based on the plaintiff's unreasonable claim, or *denied* fees because there was no such unreasonable claim or without explanation. Not a single case cited in the 1956 Strauss Study supports a contrary rule.[37]

Office, which is itself an arm of Congress." *Id.* at 182 n.6 (White, J., dissenting).

[37] The Strauss Study cited the following cases involving prevailing defendants: *Overman* v. *Loesser*, 205 F.2d 521 (denying counsel fees because there was "no indication that the appeal was pursued in bad faith" and "the principal question [was] a complex question of law"); *Lowenfels* v. *Nathan*, 2 F. Supp. 73 (awarding fees to prevailing defendant where "[t]he most earnest advocate of the plaintiff's side of this cause could not * * * possibly find" any plagiarism by the defendant); *Lewys* v. *O'Neill*, 49 F.2d 603 (awarding fees to prevailing defendant because plaintiff's case was "wholly synthetic" and "wholly preposterous"); *Official Aviation Guide Co.* v. *American Aviation Assocs.*, 162 F.2d 541 (affirming denial of attorney's fee to a prevailing defendant where "[t]he instant case was hard fought and prosecuted in good faith, and * * * presented a complex problem in law"); and *Jerome* v. *Twentieth Century-Fox Film Corp.*, 71 F. Supp. 914 (denying fees to prevailing defendant where court "c[ould] very well understand how plaintiff was driven to some litigation, although the theory of [the] action for infringement was not supported by the proof"). Two other cases cited in the 1956 Strauss Study also addressed the

The second report articulated even more explicitly the legal standard ultimately adopted by the Ninth Circuit in this case. Ralph S. Brown, Jr., *The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study*, Copyright Office Study No. 23, 86th Cong., 2d Sess. 85 (Comm. Print 1960) ("Brown Study"). Surveying the prevailing case law, the Brown Study explained that, in assessing fee requests by prevailing defendants, the courts did "not usually make an allowance at all if an unsuccessful plaintiff's claim was not 'synthetic, capricious or otherwise unreasonable.'" *Ibid.* In support of that conclusion, the Brown Study cited a series of cases -- each one of which had adopted precisely the standard later applied by the court of appeals in this case.[38]

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issue of fees to prevailing defendants: *Metro Associated Services* v. *Webster City Graphic*, 117 F. Supp. 224 (N.D. Iowa 1953); and *Advertisers Exchange* v. *Anderson*, 144 F.2d 907 (8th Cir. 1944). In each of those cases, the court denied, without explanation, a prevailing defendant's request for attorneys fees.

[38] The Brown Study cited: *Cloth* v. *Hyman*, 146 F. Supp. 185, 193 ("An attorney's fee is properly awarded when the infringement action has been commenced in bad faith, as where the evidence establishes that the plaintiff's real motive is to vex and harass the defendant or where plaintiff's claim is so utterly lacking in merit as to present no arguable question of law or genuine issue of fact"); *Eisenschiml*, 246 F.2d at 604 (reversing fee award to prevailing defendant because plaintiff's claim was not "entirely without merit" and involved a close question of law); and *Caruthers* v. *RKO Trade Pictures*, 20 F. Supp. at 908 (noting in dicta that fee awards under the copyright act "tend to be a deterrent both on infringers of copyright, and on wholly unfounded copyright claims"). In the only other decision cited in the Brown Study -- *Marks* v. *Leo Feist, Inc.*, 8 F.2d 460 (2d Cir. 1925) -- the court of appeals affirmed the award of counsel fees to a prevailing defendant where the losing plaintiff had voluntarily dismissed his complaint. While the court of appeals did not explain its reasoning, the fact that plaintiff

d. There is yet additional evidence that Congress was aware of, and endorsed, the construction of the attorney's fee provision adopted by the court of appeals in this case. During the revision process, the Register of Copyrights expressly addressed the issue of fee-shifting under (then) Section 116. The Register articulated the prevailing rule:

> The discretionary power of the courts to require the losing party to pay 'a reasonable attorney's fee' is intended to *discourage unfounded suits* and frivolous defenses. *The courts have generally denied awards of attorney's fees where the losing party had solid grounds for litigating his claim* or defense. This discretionary power of the courts is generally regarded as salutary, and we concur in this view.

1961 Register's Report at 109 (emphasis added). That is exactly the basis on which the Ninth Circuit ruled against petitioner in this case. Congress was aware of that prevailing rule. And by reenacting the attorney's fee provision without change, it unmistakably adopted that construction.

Petitioner asserts, however, that "neither the 1961 Report nor the majority of attorney's fees cases decided under the 1909 Act implicate, much less expressly endorse, the dual standard for the award of attorney's fees under the 1976 Act" (Br. 15). But as we noted at the outset of the brief (at 11-12), whether the Report or the cases expressly endorsed a "dual standard" or "evenhanded standard" is irrelevant. The *only* question presented is whether Congress adopted a standard under which prevailing *defendants* receive fees only in cases of frivolous claims. On that question, the Register's Report and the pre-1976 case law were clear and consistent: prevailing defendants received counsel fees only when the plaintiff's claim was objectively unreasonable.

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himself requested dismissal suggests that this case, too, is best read to embrace the rule adopted by the Ninth Circuit in this case.

That is the standard applied by the Ninth Circuit in this case. Its decision is plainly correct.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

MALCOLM BURNSTEIN
Burnstein & Trimbur
685 Market Street
Suite 690
San Francisco, CA 94105
(415) 243-0191

NORMAN G. RUDMAN
Slaff, Mosk & Rudman
9200 Sunset Boulevard
Suite 825
Los Angeles, CA 90069
(310) 275-5351

LAWRENCE S. ROBBINS
Counsel of Record
CARLOS T. ANGULO
Mayer, Brown & Platt
2000 Pennsylvania Ave., N.W.
Washington, DC 20006
(202) 778-0611

ALBERT M. BENDICH
Fantasy Records, Inc.
2600 10th Street
Berkeley, CA 94710
(510) 549-2500

Counsel for Respondent

September 8, 1993